

Introduced by Senator Oropeza

February 22, 2008

An act to amend Section 24357 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1683, as introduced, Oropeza. Corporate tax: net income: charitable contributions.

The Corporation Tax Law allows various deductions in computing the income that is subject to the taxes imposed by that law, including a deduction for a charitable contribution made by a taxpayer during the taxable year, as provided.

This bill would make technical, nonsubstantive changes to the provisions allowing a deduction for a charitable contribution, as specified.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 24357 of the Revenue and Taxation Code
- 2 is amended to read:
- 3 24357. (a) There ~~shall be~~ *is* allowed as a deduction any
- 4 charitable contribution (as defined in Section 24359) payment of
- 5 which is made ~~within~~ *during* the taxable year. A charitable
- 6 contribution ~~shall be allowable~~ *is allowed* as a deduction only if
- 7 verified under regulations prescribed by the Franchise Tax Board.

1 (b) (1) In the case of a corporation reporting its income on the
2 accrual basis, the corporation may elect to treat the contribution
3 as paid during that taxable year if both of the following occur:

4 (A) The board of directors authorizes a charitable contribution
5 during the taxable year.

6 (B) Payment of the contribution is made after the close of that
7 taxable year and on or before the 15th day of the third month
8 following the close of the taxable year.

9 (2) The election allowed by paragraph (1) may be made only
10 at the time of the filing of the return for the taxable year, and shall
11 be signified in the manner as the Franchise Tax Board shall by
12 regulations prescribe.

13 (c) For purposes of this section, payment of a charitable
14 contribution that consists of a future interest in tangible personal
15 property shall be treated as made only when all intervening interests
16 in, and rights to the actual possession or enjoyment of, the property
17 have expired or are held by persons other than the taxpayer or
18 those standing in a relationship to the taxpayer described in Section
19 24428. For purposes of the preceding sentence, a fixture ~~which~~
20 *that* is intended to be severed from the real property shall be treated
21 as tangible personal property.

22 (d) No deduction ~~shall be~~ *is* allowed under this section for
23 traveling expenses (including amounts expended for meals and
24 lodging) while away from home, whether paid directly or by
25 reimbursement, unless there is no significant element of personal
26 pleasure, recreation, or vacation in that travel.

27 (e) (1) Section 170(f)(8) of the Internal Revenue Code, relating
28 to substantiation requirement for certain contributions, shall apply,
29 except as otherwise provided.

30 (2) No deduction shall be denied under Section 170(f)(8) of the
31 Internal Revenue Code, relating to substantiation requirement for
32 certain contributions, upon a showing that the requirements in
33 Section 170(f)(8) of the Internal Revenue Code have been met
34 with respect to that contribution for federal purposes.

35 (f) Section 170(f)(9) of the Internal Revenue Code, relating to
36 the denial of the deduction for lobbying activities shall apply,
37 except as otherwise provided.

38 (g) (1) Notwithstanding any other provision of law to the
39 contrary, for purposes of this section and Section 24341, Section
40 170 of the Internal Revenue Code, as amended by Public Law

1 109-1, shall ~~be applied~~ *apply* to allow a taxpayer to elect to treat
2 any contribution described in paragraph (2) made in January 2005,
3 as if that contribution was made on December 31, 2004, and not
4 in January 2005.

5 (2) A contribution is described in this paragraph if that
6 contribution is a cash contribution made for the relief of victims
7 in areas affected by the December 26, 2004, Indian Ocean tsunami
8 for which a charitable contribution deduction is allowable under
9 this section.

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